GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:116
ANSWERED ON:01.03.2001
REPORT OF PLANNING COMMISSION ON FUNCTIONING OF SEBS
SUSHIL KUMAR INDORA;ZORA SINGH MANN

Will the Minister of POWER be pleased to state:

(a) whether the Planning Commission which was conducting the study of the functioning of SEBs, has recommended in its report to increase the tariff of electricity by Rs.72.8 paise per K.W.;

(b) if so, whether the Government have studied the report of the Planning Commission and decided to implement it;

(c) if so, the details thereof; and

(d) the extent to which the financial position of SEBs is likely to be improved?

Answer

THE MINISTER OF POWER (SHRI SURESH P. PRABHU)

(a) to (d) : A Statement laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 116 TO BE ANSWERED IN TH LOK SABHA ON 01.03.2001 REGARDING REPORT OF PLANNING COMMISSION ON FUNCTIONING OF SEBs.

(a) to (d) : Every year Planning Commission brings out an Annual Report on the Working of the State Electricity Boards (SEBs) and Electricity Departments. In its latest Report published in April, 2000, it has observed that the average tariff charged by most of the SEBs is less than the cost of supply which is one of the main reasons for incurring losses by the SEBs. The estimated average tariff for the year 1999-2000 of all SEBs has been estimated by the Planning Commission as 207.8 paise per kwh as against the cost of supply of 280.9 paise per kwh of energy sold. The Planning Commission has further estimated that for this year in order to break even/achieve a ROR of 3%, as stipulated in the Electricity Supply Act, 1948, the SEBs would have to raise the average tariff by 66 paise/73 paise per kwh respectively.

As part of the Annual report on the working of the SEBs, this is only an observation and not a formal recommendation of the Planning Commission. The Ministry of Power feels that this gap between the cost of supply and the average tariff can be substantially bridged by reducing T&D losses, eliminating theft of power, rationalizing tariff structure and improving operational efficiency of SEBs. This calls for action by the State Governments.

The Ministry of Power has been encouraging the States to undertake reforms so as to improve the financial health of the SEBs. The Electricity Regulatory Commissions Act, 1998 has been enacted with the objective of rationalisation of tariff, having transparent policies regarding subsidies and promotion of efficient and environment friendly polices. 15 States/UTs (Orissa, Haryana, West Bengal, Uttar Pradesh, Tamil Nadu, Rajasthan, Punjab, Maharashtra, Madhya Pradesh, Karnataka, Gujarat, Delhi, Andhra Pradesh, Himachal Pradesh, Arunachal Pradesh) have constituted/notified constitution of their SERCs. SERCs of Orissa, Andhra Pradesh, Haryana, UP, Karnataka, Maharashtra and Gujarat have passed tariff orders.

Electricity being a concurrent subject, the Ministry of Power has made efforts at regular intervals to evolve consensus on the model and path of reforms in the power sector. For the purpose, the Chief Ministers`/Power Ministers` Conferences were held in 1996, 1998 and in February 2000.

In order to accelerate the reforms process, the Ministry of Power has signed an MOU/MOA with the Governments of Karnataka, UP, Madhya Pradesh, Gujarat and Haryana, charting out joint commitments for undertaking reforms in the power sector in a time bound manner.